HIMACHAL PRADESH
January 2008
Investment climate of a state is determined by a mix of factors

Regulatory Framework
- Procedures for entry and exit of firms
- Industrial regulation, labour regulation, other government regulations
- Certainty about rules and regulations
- Security, law and order situation

Resources/Inputs
- Skilled and cost effective labour
- Labour market flexibility
- Labour relations
- Availability of natural resources
Investment climate of a state is determined by a mix of factors

Incentives to Industry

- Tax incentives and exemptions
- Investment subsidies and other incentives
- Availability of finance at cost effective terms
- Incentives for FDI
- Profitability and incentives to industry

Physical & Social Infrastructure

- Condition of physical infrastructure like power, Water, Roads etc
- Information infrastructure such as Telecom, IT, etc
- Social infrastructure like Educational and Medical facilities
Focus of this presentation

- Himachal Pradesh’s performance on key socio-economic indicators
- Availability of social and physical infrastructure in the state
- Policy framework and investment approval mechanism
- Cost of doing business
- Key industries and players
HIMACHAL PRADESH’S PERFORMANCE ON KEY SOCIO-ECONOMIC INDICATORS
Himachal Pradesh’s Economic performance has been impressive, driven by all three sectors of the economy

- The state’s GDP grew an impressive 11.2% between 1999-00 and 2005-06 to reach US$ 5 billion
- The Secondary sector, has been the fastest growing, driven by largely growth in Construction, followed by Manufacturing

Source: Economic Survey of Himachal Pradesh, 2006-07
Himachal Pradesh’s Economic performance has been impressive, driven by all three sectors of the economy

• Growth in Tertiary sector has been driven by Transportation & Communication and Trade & hotels
• Agriculture continues to be a significant contributor to the economy, in terms of share and growth

Percentage Distribution of GSDP

<table>
<thead>
<tr>
<th>Year</th>
<th>Primary Sector</th>
<th>Secondary Sector</th>
<th>Tertiary Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005-06</td>
<td>25.5%</td>
<td>36.6%</td>
<td>37.9%</td>
</tr>
<tr>
<td>1999-00</td>
<td>26.1%</td>
<td>32.8%</td>
<td>41.1%</td>
</tr>
<tr>
<td>CAGR</td>
<td>9.1%</td>
<td>12.6%</td>
<td>10.2%</td>
</tr>
</tbody>
</table>

Source: Economic Survey of Himachal Pradesh
Households in the State have High disposable Incomes

- The per capita income of Himachal Pradesh is US$ 751.2, while the All-India average is US$ 573.1 in 2005-06
- Distribution of households by income shows that share of households in higher income categories in Himachal Pradesh greater than for All-India, a trend common for rural as well as urban households

Source: The Market Skyline of India 2006 by Indicus Analytics
Households in the State have High disposable Incomes

- In ownership of assets like two/four wheelers and consumer electronics, Himachal Pradesh is almost at par with the All-India average.

**Distribution of Households by Income (%)**

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Himachal Pradesh</th>
<th>India</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;US$1667</td>
<td>31.8%</td>
<td>46.2%</td>
</tr>
<tr>
<td>US$1668-3330</td>
<td>31.3%</td>
<td>32.5%</td>
</tr>
<tr>
<td>US$3331-6667</td>
<td>29.5%</td>
<td></td>
</tr>
<tr>
<td>&gt;US$6667</td>
<td>7.4%</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

**Source:** The Market Skyline of India 2006 by Indicus Analytics
Industrial performance has been driven by large scale as well as small scale units

- State has approved investments worth US$ 6 billion (as on 31st March 2007) since the announcement of the Special Package of Incentives by the Central Government
- Medium and large scale industries form 80% of investments and 45% of the Employment in the state.

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Large &amp; Medium Industries</th>
<th>Small scale units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working units (No.)</td>
<td>356</td>
<td>33,226</td>
</tr>
<tr>
<td>Fixed investment (US$ million)</td>
<td>US$ 912</td>
<td>US$ 335</td>
</tr>
<tr>
<td>Employment (’000 number)</td>
<td>43.2</td>
<td>157.3</td>
</tr>
</tbody>
</table>

Source: Department of Industries, Government of Himachal Pradesh

Percentage of Households with Four-wheelers

Source: The Market Skyline of India 2006 by Indicus Analytics
Industrial performance has been driven by large scale as well as small scale units

- The rich natural resources of the state are ideally suited for investments in a few major sectors like procurement of agriculture produce, Hydroelectric Power, cement and Tourism
- Districts of Solan, Sirmour, Kangra and Una lead in terms of investments attracted

### Key Industries in Himachal Pradesh

<table>
<thead>
<tr>
<th>Industry</th>
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<tbody>
<tr>
<td>Textiles</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
</tr>
<tr>
<td>Automotive components</td>
</tr>
<tr>
<td>Food products</td>
</tr>
<tr>
<td>Light engineering goods – precision tools, machine tools, electronic items</td>
</tr>
<tr>
<td>Paper and paper products</td>
</tr>
</tbody>
</table>

Source: Department of Industries, Government of Himachal Pradesh

### Percentage of Households with Television

<table>
<thead>
<tr>
<th></th>
<th>H.P.</th>
<th>All- India</th>
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</thead>
<tbody>
<tr>
<td>0-10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20-30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>40-50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>60-70</td>
<td></td>
<td></td>
</tr>
<tr>
<td>68%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: The Market Skyline of India 2006 by Indicus Analytics
Himachal Pradesh has witnessed a strong inflow of investments in the Manufacturing sector

- Himachal has outstanding investments of US$ 12.69 billion as of March 2007 out of which approximately 56% is under implementation
- Manufacturing sector has witnessed investments coming to sectors like Textiles, Pharmaceuticals, Precision engineering and Automobile and Automotive components
- In the area of construction, housing projects and commercial complexes have seen a tremendous rise

Breakup of Investments by sector

Skilled as well as Unskilled labour is available in the state

- 32.31% of the workforce is classified as main workers, 16.92% marginal workers and 50.77% as non-workers
- Ample workforce availability (both skilled and unskilled) makes Himachal Pradesh an attractive investment destination
- Agriculture still remains the biggest employer with 65% of the workforce
- Unemployment rate is higher with 8.2 lakh registered on the employment exchange
Skilled as well as Unskilled labour is available in the state

- Cordial labour relations compared to other leading states - Himachal Pradesh has had much fewer strikes and lockouts and lost man days due to industrial disputes as compared to other industrialised states
- With introduction of new ITIs, annual seats in the state stand at over 7,000 for vocational training
- The state also has 8 Engineering colleges and 10 Polytechnic colleges with intake of 1,500 and 1,400 seats respectively

Source: Directorate of Technical Education
Social infrastructure in the form of Educational Institutes and Medical Institutions is strong

**Education Infrastructure**

- Roughly 6,86,706 students join Primary schools every year
- Leading Technical, Medical, Management, Law institutions present in the state
- Private participation in technical and vocational education is being encouraged
Social infrastructure in the form of Educational Institutes and Medical Institutions is strong

Medical infrastructure

• Himachal Pradesh has 90 Civil hospitals, 439 Primary Health Centres, 66 Community Health, 439 Primary Health Centres, 22 Civil/ESI dispensaries and 2,069 Sub-centres

• State government has mapped the Health Mission 2008 for itself to provide effective and efficient health services to the people of Himachal Pradesh. Himachal Pradesh has better health indicators than the All-India average

<table>
<thead>
<tr>
<th>Health Indicators</th>
<th>Himachal Pradesh</th>
<th>All-India</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population served per Hospital Bed</td>
<td>607.8</td>
<td>1124.3</td>
</tr>
<tr>
<td>Population served per Medical Institution</td>
<td>23,287</td>
<td>26,536</td>
</tr>
<tr>
<td>Birth Rate*</td>
<td>20.7</td>
<td>24.8</td>
</tr>
<tr>
<td>Death Rate*</td>
<td>7.5</td>
<td>8.1</td>
</tr>
<tr>
<td>Infant Mortality Rate**</td>
<td>52</td>
<td>63</td>
</tr>
<tr>
<td>*Per thousand persons</td>
<td></td>
<td></td>
</tr>
<tr>
<td>**Per thousand live births</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life expectancy at birth (years)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>65.7</td>
<td>64.1</td>
</tr>
<tr>
<td>Female</td>
<td>65.0</td>
<td>66.0</td>
</tr>
</tbody>
</table>

Source: Statistical Abstract of India
Himachal Pradesh has a well developed Infrastructure for collection of savings and disbursal of credit

- Average population served by a bank office in the state is 9,425 persons, amongst the healthiest ratio in the country even in comparison with the All-India average of 16,152 persons
- Credit disbursement of District Central Co-op banks registered a CAGR of 19.7% between 2003-04 and 2005-06 while State Co-op banks registered 18.22% CAGR during this period
- The coverage of financial infrastructure in rural areas is fairly vast

### Health indicators

<table>
<thead>
<tr>
<th>Branches of Financial institutions in Himachal Pradesh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial Bank Branches</td>
</tr>
<tr>
<td>Regional Rural Bank Branches</td>
</tr>
<tr>
<td>State Cooperative Bank Branches</td>
</tr>
<tr>
<td>Central Cooperative Bank Branches</td>
</tr>
<tr>
<td>Cooperative Societies</td>
</tr>
</tbody>
</table>

*Source: Economic Survey 2007*
Transport Infrastructure is adequate and is also being upgraded

Roads

• Roads are the prime medium of transport in the state due to hilly terrain

• Total available motorable road length is 29,329 Kms

• 8 major outstanding road projects out of which 2 are under implementation.

• Road sector has been assigned high priority and US$ 45.1 million has been provisioned for the year 2006-07
Transport Infrastructure is adequate and is also being upgraded

Civil Aviation

• 3 Airports at Kullu (Bhuntar), Kangra (Gaggal) and Shimla (Jubbar Hatti)
• 35 Helipads available for operation
• New Helipads proposed at Banjraroo, Satrundi and Chamba.
Transport Infrastructure is adequate and is also being upgraded

Railways

• 2 Narrow gauge lines connect Kalka with Shimla and Jogindernagar with Pathankot

• 1 Broad gauge line connecting Nangal Dam to Charuru
The situation in the Power sector and Telecommunications is encouraging

Power

- Himachal Pradesh is endowed with rich natural resources for generation of Hydel power - about 20,386 MW of hydel power can be generated in the state; of which hydel potential of 6,353.12 MW has been harnessed

- State witnessed a zero level power deficit for the year ending March 2007

- 17,155 out of 17,495 villages have been electrified by the end of November 2006

- Currently, power projects with investments of around US$ 8.2 billion are proposed/being implemented
The situation in the Power sector and Telecommunications is encouraging

Telecommunications

• Outstanding subscriber base increased by 94% to a total base of 12.46 lakh subscriber as of March 2007

• State has a high tele-density with presence of a telephone in every 6th household compared to all-India figures of one phone in every 11th household

• Tele-density is 8.4 phones per 100 persons compared to All-India average of 5

• Himachal Pradesh has the highest density of Optical Fibre Cable (OFC) penetration per unit area with a 6000 km network
Industrial Infrastructure is being built up

Telecommunications

• Industrial areas have been set up at Baddi, Barotiwala, Parwanoo, Kala Amb, Paonta Sahib, Mehatpur, Tahliwal, Amb, Sansarpur Terrace and Golthai

• Over 90% of investments in medium and large sector projects in the above areas

• Total 41 Industrial areas and 15 Industrial estates have been developed

• Further, also focusing on sector-specific infrastructure for Biotechnology, IT and Tourism
Industrial Infrastructure is being built up

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial areas</td>
<td>Have been set up at Baddi, Barotiwa, Parwanoo, Kala Amb, Paonta Sahib, Mehatpur, Tahliwal, Amb, Sansarpur Terrace and Golthai</td>
</tr>
<tr>
<td>Baddi Barotiwa Nalagarh Industrial Area</td>
<td>• Emerged as a favorite hub for industries, especially Textile, Pharmaceutical and Packaging</td>
</tr>
<tr>
<td></td>
<td>• The area has been promoted by Ministry of Commerce and Industry, Government of India</td>
</tr>
<tr>
<td>Bio Technology Park</td>
<td>The government has proposed setting up a Bio Technology park at Solan.</td>
</tr>
<tr>
<td>Special Economic Zones</td>
<td>• Approved SEZs in Kangra, Una and Solan districts with an estimated cost of US$ 1.8 billion</td>
</tr>
<tr>
<td></td>
<td>• Kangra and Solan to have multi-product SEZs whereas Una will have an airport based SEZ</td>
</tr>
<tr>
<td>Inland Container Depot</td>
<td>Development of an ICD at Baddi for the benefit of exporting industries through Container Corporation of India</td>
</tr>
</tbody>
</table>

Source: Dept of Industries, Govt. of Himachal Pradesh
POLICY FRAMEWORK AND INVESTMENT APPROVAL MECHANISM
Key Nodal Agencies in Himachal Pradesh

Single Window Clearance Agency

- Agency for speedy clearance and in-principle approval to large and medium scale projects
- Envisaged time frame for approval is 30 days
- Since inception in January 2004, 28 meetings have been held and investments of US$ 4.05 billion approved
Key Nodal Agencies in Himachal Pradesh

**Directorate of Industries**

- Registration of SSIs and recommendation of medium and large-scale industries to the appropriate authority
- Technical consultancy/general consultancy
- Recommendation of cases for financial assistance to financial Institutions/banks, for margin money and loans
- Industrial infrastructure development
- Collection and maintenance of data relating to industrial units
Key Nodal Agencies in Himachal Pradesh

Directorate of Industries

• Allotment of industrial plots/sheds/shops in the district

• Liaison and feedback with the central and state governments

• Administration of all incentives to industries given by both Central and State governments
Key Nodal Agencies in Himachal Pradesh

Himachal Pradesh State Small Industries and Export Corporation

Primary Objectives are:

- To supply raw materials through Raw Material Depots
- To supply machinery on Hire-purchase
- To provide assistance in Export and Marketing
### Key Nodal Agencies for Single Window Clearance

<table>
<thead>
<tr>
<th>State-level Nodal Agency for Single Window Clearance</th>
<th>Purpose</th>
<th>Composition</th>
</tr>
</thead>
</table>
|                                                    | • Provide prima-facie approval to medium and large scale investment proposals within 30 days of submission  
• Projects above US$ 1.2 million, power requirements above 5 MW, forest based and industries indicated in the negative list by Central and State governments | Chief Minister of HP, as the Chairman Heads of departments of Town and Country Planning, Labour, Electricity, Water, Director of Industries, Industrial Adviser |

<table>
<thead>
<tr>
<th>District Industry Centre</th>
<th>Act as District level committee for Single Window Clearance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Purpose: Provides sanctions/clearances for setting up small scale industrial units in the state</td>
</tr>
<tr>
<td></td>
<td>Composition: Convened by the General Manager, District Industries Centre or Member Secretary, Single Window Clearance Agency</td>
</tr>
</tbody>
</table>
Attractive Investment Climate in the state being created through investment friendly policies, including sector specific policies

Industrial Policy 2004

Aims at infrastructure development, lesser number of regulations and speedy clearance of new projects.

Key initiatives under this Policy include the following

• Making efforts to get installed capacity addition in power of 6,100 MW by 2010

• Special priority to 100% Export Oriented Units/Information Technology/Bio-Technology industries/Foreign Direct Investment projects and sectors like tourism for grant of connection
Attractive Investment Climate in the state being created through investment friendly policies, including sector specific policies

Industrial Policy 2004

- No electricity duty will be charged on power generated from captive diesel power stations and permission requirements for captive/generating sets will be made time bound and simplified and third party sale of surplus captive power available in industrial areas/estates with such power producers can also be allowed on a case to case basis

- Supplementing the special package of incentives given to the state by the Central Government with certain concessions and facilities so as to ensure sustainable industrial development
Attractive Investment Climate in the state being created through investment friendly policies, including sector specific policies

**Industrial Policy 2004**

- Setting up of Single Window Clearance Agency and Monitoring Authority under chairmanship of Chief Minister, along with Single Window Agencies at major industrial towns like Parwanoo, Baddi, Paonta Sahib, Goalthai and Sansarpur Terrace
- Evolving a standard of “best practices” in government departments involved at delivery end such as the State Electricity Board, Labour department, Department of Excise etc
- Setting up of activity specific industrial areas such as Food parks, Electronics city, Export processing zones, Bio-technology parks etc
- Reforms in the labour department regarding annual inspections, maintenance of registers
Attractive Investment Climate in the state being created through investment friendly policies, including sector specific policies

IT Policy 2001

An action plan to harness the potential benefits offered by IT

Key initiatives under this Policy include

• Department of Information Technology (DoIT) acts as a single point of interface for setting up of an IT unit in the state

• IT Software and IT Services are deemed to be manufacturing activity for the purpose of incentives for the industry in line with approved policy of Government of India
Attractive Investment Climate in the state being created through investment friendly policies, including sector specific policies

IT Policy 2001

- All IT units with a connected load exceeding 100 KW shall be charged a concessional rate of electricity duty at the rate of US$ 2.63 per 1000 unit for a period of 5 years from the date of commencement of commercial production
- Provision of tax related incentives
- Accredited training institutions to be eligible to claim industry status, subject to norms
- Special packages for investment proposals above US$ 2.5 million or if the company is a Fortune 500 company
Attractive Investment Climate in the state being created through investment friendly policies, including sector specific policies

IT Policy 2001

• Ensure continuous power supply treating IT as a continuous process industry

• Registered IT units within the declared Software Technology Park, IT habitats and Hi-tech city to be eligible for relaxation of FAR to the extent of 50%

• Exemption from land and building tax within the declared STP, IT habitats and Hi-tech cities

• Creation of venture capital fund of US$ 5 million in association with SIDBI
Attractive Investment Climate in the state being created through investment friendly policies, including sector specific policies

Power Policy 2007

Focuses on addressing all aspects like capacity addition energy security, access and availability, affordability, efficiency, environment and assured employment to people of Himachal

Key initiatives under this Policy include

• Projects upto 2 MW capacities have been earmarked for the investors of Himachal Pradesh and for projects upto 5 MW, first preference shall be given to the Himachalies
Attractive Investment Climate in the state being created through investment friendly policies, including sector specific policies

Power Policy 2007

• Projects above 5 MW and up to 100 MW shall be allotted to IPPs (Independent Power Producers) through MoU route and above 100 MW through the International Competitive bidding. The state government will have the right to equity participation in private sector projects above 100 MW up to a maximum limit of 49%

• Release of 15% of minimum discharge down stream of the dam/diversion structure during the lean season shall be ensured;

• In order to ensure employment to the people of Himachal a minimum 70% of total employees/officers/executives are to be engaged by the companies
Attractive Investment Climate in the state being created through investment friendly policies, including sector specific policies

Power Policy 2007

• The concept of involving local people in the development of the “Project Affected Area” has been specially evolved wherein Local Area Development Committee (LADC) have already been formed and 1.5% of the project cost will be earmarked by the developers for development of local area through such LADs

• Efforts are afoot to on increasing activities like construction of hydel projects, strengthening of transmission and distribution network facilitating transmit of power from these projects and its distribution for utilisation within the state
Attractive Investment Climate in the state being created through investment friendly policies, including sector specific policies

Biotechnology Policy 2001

Focuses on new technologies based on Renewable sources of Energy and Energy conservation

• Upgrade infrastructural support to R&D Institutions to generate highly skilled human resource in Biotechnology

• Intensify R&D work in potential areas of biotechnology, including Agriculture, Animal husbandry and Human health

• Conserve and commercially exploit bio-resources of the state for sustainable development

• Attract entrepreneurs for setting up of biotechnology-based industries

• Provide suitable institutional framework to achieve the objectives
Single Window Clearance mechanism exists to facilitate speedy implementation of industrial projects

Single Window Clearance mechanism established under the Himachal Pradesh Industrial Facilitation Act 2005, with a two-tier structure to grant exemption/relaxation from any of the provisions/rules of the Act

- District Single Window Clearance Committee for each district in the state and chaired by the General Manager/Member Secretary, with senior-most officers of concerned departments in the district as members

- State Board has the Chief Minister of Himachal Pradesh as its Chairman and various heads of Departments as its members

SWM Structure in Himachal Pradesh

State Level Single Window Clearance & Monitoring Authority

District Level Single Window Clearance Agency

Chief Minister of Himachal Pradesh

GM-DIC/Member Secretary
Single Window Clearance mechanism exists to facilitate speedy implementation of industrial projects

- Approvals for proposals with investments of over US$ 1.2 million, Power requirement of above 5 MW and industries in the negative list such as Forest based, Mining etc as defined by Central and State government are decided by the State Level Single Window Clearance Agency
COST OF DOING BUSINESS
### Cost of Doing Business in Himachal Pradesh

| Cost of land*(per sq. m) | Baddi Industrial Area : US$ 35-60 (Cost of land is largely dependent upon the location and land adjoining the main road is substantially more expensive)  
|                        | Other industrial areas : US$ 12-35 |
| Hotel costs**(per room per night) | US$ 95-130 |
| Cost of Office space*** (per sq. m per month) | US$ 8-10 |
| Cost of Residential space**** | US$ 95 per month for a 1600 sq. ft house (At Baddi). Rates are generally lower at other residential areas |
| Power cost***** | Small and Medium Industries : 6.8 cents/kWh  
|                    | Large Industries : 5.3 cents/kWh |
| Cost of Water* | Non-industrialised area : 12 cents per KL  
|                 | Industrialised area : 19 cents per KL |

*Source: Directorate of Industries, Himachal Pradesh  
**Source: Leading hotels in the state  
***Source: Discussions with property dealers  
****Source: Himachal Pradesh State Electricity Regulatory Commission
KEY INDUSTRIES AND PLAYERS
Key industries that have developed in the state are a result of the policy thrust of the government and several factor advantages.

Industry Attractiveness Matrix
Overview of Agro-based Industry in Himachal Pradesh

Overview

• Agriculture is the main occupation of the state and a major source of employment though its share in GSDP has been declining

• Food processing industry mainly limited to traditional processing of agricultural and horticulture raw materials

• Agri procurement has lately been an investment area for corporates such as Adani, Reliance

• Area under fruits increased from 792 hectares in 1950-51 to 191668 hectares in 2005-06

• Apple is the most important crop in the state constituting about 76% of the total fruit production

<table>
<thead>
<tr>
<th>Key Players</th>
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</thead>
<tbody>
<tr>
<td>Adani Agri fresh</td>
</tr>
<tr>
<td>Reliance</td>
</tr>
<tr>
<td>Dharampal Satyapal Group</td>
</tr>
<tr>
<td>HPMC</td>
</tr>
</tbody>
</table>
Key Players in the Food Processing segment

Cremica Foods

- Cremica foods has a facility at Tahliwal Industrial Area, Una for manufacturing of biscuits and Indian snack foods
- The plant is being commissioned and will be 100% automated with a monthly capacity of 5000 tonnes for manufacturing biscuits

Adani Agri Fresh

- Has set up 3 controlled atmosphere storage units with an investment of US$ 33 million and capacity of 6000 metric tonnes each
- Presently involved in procurement, storage and transportation of Apples, Apricots and Vegetables
- Firm proposes to procure 24,000 metric tonnes of Apples in 2007-08 for storage as well as spot sales
Key Players in the Food Processing segment

Dharampal Satyapal Group

- Diversified conglomerate with presence in Chewing tobacco, Spices, Beverages and Hospitality

- Group has two plants at in Himachal Pradesh, Dharampal Satyapal Ltd and Dharampal Satyapal SRF

- Produces Catch brand of mineral water at Kullu facility and Pass Pass mouth freshener

Reliance

- Reliance Retail is in advanced stages of creating a supply chain for procurement of Apples, Peaches, Apricots, Vegetables in the state
Overview of Pharmaceutical industry in Himachal Pradesh

Overview

• Fastest growing region for the pharmaceutical industry in India driven by the incentives announced by the State in its Industrial Policy, 2004

• Around 300 pharmaceutical companies have setup operations including Ranbaxy, Dr. Reddy’s, Morepen, Torrent

Key Players

<table>
<thead>
<tr>
<th>Key Players</th>
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<tbody>
<tr>
<td>Ranbaxy Laboratories</td>
</tr>
<tr>
<td>Cipla</td>
</tr>
<tr>
<td>Torrent Pharmaceuticals</td>
</tr>
</tbody>
</table>
Key Players in the Pharmaceutical segment

Ranbaxy Laboratories Limited

- India’s leading pharmaceutical company with business operations in 40 Countries and manufacturing facilities in 6 Countries
- Company has a manufacturing facility at Paonta Sahib, district Sirmaur, which manufactures fermentation based products such as Penicillin and Cephalosporin-C, with a production capacity of 8 tonnes per annum and its capacity further with an additional investment of nearly US$ 22.1 million
Key Players in the Pharmaceutical segment

Cipla

- One of the largest product portfolio with over 1,000 products

- Cipla has established one manufacturing facility at Baddi with an investment of roughly US$ 11 million in 2005, which manufactures bulk drugs (including malts), tablets and capsules, creams, aerosols/inhalation devices and injections/sterile solutions
Key Players in the Pharmaceutical segment

Torrent Pharma Limited

• One of the largest pharmaceutical players in the domestic market

• Commissioned a new formulations manufacturing facility at Baddi, Himachal Pradesh, in November 2005, with an investment of US$ 30.6 million. The facility has a capacity to manufacture 3600 million tablets, 400 million capsules and 18 million Oral Liquid bottles, per annum
Overview of Textiles industry in Himachal Pradesh

Overview

- Industry in Himachal Pradesh is mainly focussed on spinning yarns. A few companies such as Vardhman are also engaged in weaving and dyeing.
- Textile industry has grown at 12.78% CAGR (2002-2005)
- Handloom and Carpet weaving have mainly developed as Small Scale Industries

Source: CII Industry Monitor, April ’07

<table>
<thead>
<tr>
<th>Key Players</th>
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<tbody>
<tr>
<td>Birla Textile Mills</td>
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<tr>
<td>Winsome</td>
</tr>
<tr>
<td>Vardhman</td>
</tr>
<tr>
<td>Malwa Cotton</td>
</tr>
</tbody>
</table>
Key Players in Textiles industry

Malwa Cotton Spinning Mills

• Subsidiary of VSO group, one of the top 10 textile mills in the country

• Its facility at Paonta Sahib manufactures Cotton, Acrylic, Polyester and Viscose

• The company has achieved ISO 9002 for quality assurance
Key Players in Textiles industry

Vardhman Group

• The group has a state of the art spinning facility at Baddi with an installed capacity of 80000 spindles

• Portfolio includes manufacturing and marketing of yarns, fabrics, sewing threads and fibre

• Amongst the largest producers and exporters of yarns and grey woven fabrics, also largest producer of tyre cord yarns and the 2nd largest producer of sewing threads
Key Players in Textiles industry

Winsome Group

• The group has a spinning facility at Baddi

• Portfolio includes developing variety of shades in Melange/package dyed/fibre dyed yarns

• The firm plans to expand its spinning capacity by addition of 13000 spindles and to add dyeing capacity of 10 tonnes per day

Birla Textile Mills

• Division of Chambal Fertilizers and Chemicals limited, a flagship company of K.K Birla group of companies

• The company has an installed capacity of 37,248 spindles at Baddi
Overview of Light Engineering Goods Industry in Himachal Pradesh

Overview

• Light engineering goods industry in Himachal Pradesh includes precision Engineering components, Automotive components, Steel and Steel fabrication units, Cylinder manufacturing.

• Kala Amb in Paonta Sahib has a substantial presence of steel fabrication mills

• Automotive components are mainly based in Parwanoo, Solan district

• International Cars and Motors Limited has a factory at Una

Key Players

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<td>Purolator</td>
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<td>International Cars and Motors Limited</td>
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<td>International Cylinders Ltd</td>
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Key Players in Light Engineering Industry

Gabriel India

- Flagship company of the US$ 400 million Anand Automotive Group
- The company manufactures ride control systems and engine bearings
- The company supplies to all three segments of the market – Original Equipment, Aftermarket and Exports
- 20 million units per annum plant has achieved QS 9000 plant
Key Players in Light Engineering Industry

Purolator

• Joint venture between Anand Group and Arvin Meritor, USA

• Company is the largest producer and exporter of air, oil and hydraulic filters in the country with QS9000 certification.

• Clients are present in Automotive, Railways and Aviation industries

• Company is working towards achieving a TS16949 certification
Key Players in Light Engineering Industry

International Tractors

• Group company of the US$ 285 million Sonalika Group, which is amongst the top five tractor manufacturers in India

• Sells Multi Utility Vehicles under the brand name Rhino with an installed capacity of 2,000 vehicles per month

• Company has a state-of-the-art facility at Una

• Technical collaboration agreement with MG Rover of UK
Overview of Cement Industry and Key Players

Overview

• Himachal Pradesh has ample supply of quality limestone

• State exports approximately half of the cement production to other states

• Three new cement plants have been approved. The companies are Larsen and Toubro, Grasim Industries and Harish Chandra Limited
Overview of Cement Industry and Key Players

**ACC**

- India’s foremost manufacturer of cement and concrete with 14 Factories
- Setup a 3.52 combined MTPA capacity plants at Gagal, Bilaspur
- Clinker and cement grinding augmentation completed and capacity has further increased to 4.4 MTPA
Overview of Cement Industry and Key Players

Ambuja Cement

• 3rd largest cement company in India
• Annual capacity of 16 million tonnes
• Installed capacity of 2 MTPA in Darlaghat, Solan district
• Company plans to enhance capacity by another 2 MTPA by investing US$ 184 million in a phased manner
• Also plans to setup a clinket grinding unit at Nalagarh with capacity of 1 MTPA
Overview of IT and Electronics Industry

Overview

• Himachal Pradesh’s IT Policy and the incentives offered to the IT industry are aimed at promoting Himachal Pradesh as an attractive destination for the industry

• The state has proposed to set up Software Technology Parks

• Various incentives being offered for IT firms, attractive packages to investment proposals above US$ 2.5 million

• The state has launched a venture capital fund dedicated to the IT industry, with a corpus of roughly US$ 4.8 million, funded jointly by SIDBI and other govt. agencies

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<td>Microtek International</td>
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Key Industries and Players
Himachal Pradesh • January 2008
Key Players in IT Industry

Himachal Futuristic Comm. Ltd

• HFCL is one of the leading Telecom equipment manufacturer

• Company manufactures Transmission equipment, Optical fibre cable, Accessories and Terminal equipment

• Two facilities at Solan are ISO 9002 certified with 1500 professionals

• First indian telecommunication company to have successfully subscribed GDR issue

• The company is working on product development in areas such as IPDSLAM, WiMax, GPON, High Speed IP Infrastructure, Mobility and System Integration
Key Players in IT Industry

Microtek International

- IT peripherals and power products company
- Company has setup a motherboard manufacturing facility at Parwanoo with a capacity of 50,000 motherboards per month
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